

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 208927
ORIGIN COME-00

INFO OCT-01 ARA-10 IO-13 ISO-00 AGRE-00 CIAE-00 EB-08
INR-10 LAB-04 NSAE-00 SP-02 STR-07 TRSE-00 FRB-03
OMB-01 EA-10 NEA-10 EUR-12 /091 R

DRAFTED BY COMMERCE:AGAREL/EB/TEX:WBREW
APPROVED BY EB/TEX:WBREW
LABOR: FJAMES (SUBS)
STR: MSMITH (PHONE)
TREASURY: WWARTHIN (INFO)
ARA/ECT: CNORRED
ARA/AND/CH: RSTEVEN (SUBS)

-----129371 172256Z /61

R 171815Z AUG 78
FM SECSTATE WASHDC
TO AMEMBASSY SANTIAGO
INFO USMISSION GENEVA

LIMITED OFFICIAL USE STATE 208927

GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS:EPAP, CI

SUBJECT: TEXTILES/MENS AND BOYS WOOL SUITS

1. ALTHOUGH CHILE DID NOT EXPORT SIGNIFICANT NUMBERS OF MENS AND BOYS WOOL SUITS TO THE US DURING 1975 AND PRIOR YEARS, SINCE THEN CHILE HAS BECOME A NOTICEABLE SUPPLIER TO THE US. DURING CALENDAR YEARS 1976 AND 1977 THE UNITED STATES IMPORTED RESPECTIVELY 14,280 AND 72,540 SUITS FROM CHILE. DURING THE 12-MONTH PERIOD ENDING MAY 1978, THE UNITED STATES RECEIVED 79,704 SUITS, MAKING
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 208927

CHILE THE SIXTH LARGEST SUPPLIER OF MENS AND BOYS WOOL SUITS TO THE UNITED STATES.

2. DOMESTIC PRODUCTION OF MENS AND BOYS WOOL SUITS WAS MORE THAN 16 MILLION UNITS IN 1967, AND DECLINED TO ABOUT 6.5 MILLION UNITS IN 1972, AND 6 MILLION UNITS IN 1977; IMPORTS ROSE FROM 240,000 UNITS IN 1967 TO 528,000 IN

1972 AND 1.5 MILLION IN 1977. IMPORTS THUS WERE EQUAL TO 1.5 PERCENT OF PRODUCTION IN 1967, 8.1 PERCENT IN 1972 AND 25 PERCENT IN 1977. EMPLOYMENT IN THE MENS AND BOYS SUIT AND COAT INDUSTRY DROPPED FROM 130,700 IN 1968 TO 112,000 IN 1972 AND TO 87,900 IN 1977.

3. CHILE IS OUR ONLY MAJOR LOW COST SUPPLIER OF WOOL SUITS WHICH IS NOT SUBJECT TO RESTRAINT; IT STANDS OUT VERY CLEARLY AMONG THE COUNTRIES SUPPLYING WOOL SUITS TO THE UNITED STATES, MANY OF THEM WITH RESTRAINT LEVELS BELOW THAT WHICH CHILE IS NOW SHIPPING. BILATERAL PARTNERS WITH ANNUAL LEVELS OF 22,222 SUITS INCLUDE TAIWAN, HAITI, INDIA, MACAO, MALAYSIA, PHILIPPINES, THAILAND AND SINGAPORE. THE MAJOR LOW-COST SUPPLIERS AND THEIR CONTROL LEVELS INCLUDE KOREA (320,448), POLAND (151,000, BOTH WOOL AND MAN-MADE FIBER), COLOMBIA (135,500) YUGOSLAVIA (92,400), ROMANIA (88,022) AND HONG KONG (78,216).

4. PRICES FOR CHILEAN SUITS AVERAGE 44 DOLLARS PER UNIT, DUTY PAID CIF VALUE, CONSIDERABLE BELOW THE VALUE OF SIMILAR GOODS MADE IN THE UNITED STATES, DOLLARS 87.50. THE PRICE FOR CHILEAN SUITS IS ALSO BELOW THAT OF SOME OTHER CONTROLLED COUNTRIES, INCLUDING KOREA (DOLLARS 47.50), HONG KONG (DOLLARS 71.00) AND COLOMBIA (DOLLARS 47.00).

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 208927

5. WOOL SUIT IMPORTS ARE OF PARTICULAR POLITICAL SENSITIVITY. FYI. THE LABOR UNION INVOLVED IS AGGRESSIVE, VERY VOCAL AND POLITICALLY POTENT. END FYI. THE SENSITIVITY HAS BEEN TRANSLATED INTO VERY LOW PERMISSIBLE RATES OF GROWTH OF QUOTAS, RANGING FROM NO GROWTH FOR KOREA FOR THE PAST 4 YEARS, TO 1 PERCENT ANNUALLY, THE GROWTH PERMITTED ALL WOOL PRODUCTS.

6. WHEN US CONSIDERS IMPORTS OF TEXTILE OR APPAREL PRODUCTS TO BE APPROACHING SENSITIVE LEVELS, IT REVIEWS POSSIBLE OPTIONS. IN GENERAL, THESE OPTIONS, WHICH ARE APPLICABLE TO CHILE, ARE: (A) TO DO NOTHING, (B) TO SEEK VOLUNTARY RESTRAINTS, (C) TO NEGOTIATE A BILATERAL AGREEMENT OF SOME TYPE, OR (D) TO UNILATERALLY IMPOSE IMPORT RESTRAINTS UNDER ARTICLE 3 OF THE GATT MULTIFIBER ARRANGEMENT.

7. EMBASSY IS REQUESTED TO MAKE GOVERNMENT OF CHILE AWARE OF THE ABOVE INFORMATION AT AN APPROPRIATE LEVEL AND ASK FOR INFORMATION ABOUT THEIR INTENDED EXPORTS OF WOOL SUITS. WE CANNOT GIVE ANY ASSURANCE THAT VOLUNTARY

REDUCTION OR MAINTENANCE OF THE PRESENT LEVEL OF EXPORTS
OF WOOL SUITS WILL ELIMINATE OR EVEN REDUCE THE
SENSITIVITY OF IMPORTS OF THIS PRODUCT. HOWEVER, EMBASSY
MAY POINT OUT THAT IF IMPORTS FROM A PARTICULAR COUNTRY
ARE NOT INCREASING, IT IS MUCH EASIER TO ARGUE THAT FORMAL
QUANTATIVE RESTRAINTS ARE NOT WARRANTED. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, WOOL, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE208927
Document Source: CORE
Document Unique ID: 00
Drafter: AGAREL/EB/TEX:WBREW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780337-0197
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780852/aaaabrtb.tel
Line Count: 122
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8899fc61-c288-dd11-92da-001cc4696bcc
Office: ORIGIN COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1706981
Secure: OPEN
Status: NATIVE
Subject: TEXTILES/MENS AND BOYS WOOL SUITS
TAGS: EPAP, ETRD, CI, US
To: SANTIAGO
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/8899fc61-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014